
2001 Annual Report

Near West Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2002

June 30, 2002

Ms. Alicia Mazur Berg
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Near West Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City Departments.

Very truly yours,



Ernst & Young LLP

Near West Redevelopment Project Area 2001 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Alicia Mazur Berg
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)

<http://www.cityofchicago.org>

June 30, 2002

The Honorable Daniel Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the Near West
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Alicia Mazur Berg
Commissioner

NEIGHBORHOODS



**Near West Redevelopment Project Area
2001 Annual Report**

(1) DATE OF DESIGNATION OR TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on March 23, 1989. The Project Area may be terminated no later than March 23, 2012.

This Certification is submitted to you, Registered Owner of the Redevelopment Note, pursuant to the Ordinance of the City authorizing the execution of the Redevelopment Note adopted by the City Council of the City on _____ (the "Ordinance"). All terms used herein shall have the same meaning as when used in the Ordinance.

The City hereby certifies that \$ _____ is advanced as principal under the Redevelopment Note as of the date hereof. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance. As of the date hereof, the outstanding principal balance under the Redevelopment Note is \$ _____, including the amount of this Certificate and less payment made on the Note.

In Witness Whereof, The City has caused this Certification to be signed on its behalf as of _____ [Issuance Date].

City of Chicago

By: _____
 Commissioner,
 Department of Planning
 and Development

Authenticated By:

 Registrar

 APPROVAL OF AMENDMENT NUMBER 2 TO NEAR WEST
 TAX INCREMENT FINANCING REDEVELOPMENT
 PROJECT AND PLAN.

The Committee on Finance submitted the following report:

CHICAGO, June 6, 2001.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing amendment Number 2 to the redevelopment plan for the Near West Redevelopment Project Area, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Hairston, Lyle, Beavers, Beale, Pope, Balcer, Frias, Olivo, Burke, T. Thomas, Coleman, L. Thomas, Murphy, Rugai, Troutman, DeVille, Munoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Wojcik, Suarez, Matlak, Mell, Austin, Colom, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Natarus, Daley, Levar, Shiller, Schulter, Moore, Stone -- 47.

Nays -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, Pursuant to ordinances adopted on March 23, 1989 (Journal of the Proceeding of the City Council dated March 23, 1989 at pages 25874 -- 25933), in accordance with the provisions of the Tax Increment Allocation Redevelopment Act, 64 ILCS 5/11-74.4.1, et seq. (the "Act"), the City Council (the "Corporate

Authorities") of the City of Chicago (the "City"): (i) approved a redevelopment plan and project (the "Original Plan") for a portion of the City known as the "Madison/Racine Redevelopment Project Area" (the "Original Area") (the "Original Plan Ordinance"); (ii) designated the Original Area as a "redevelopment project area" (the "Designation Ordinance"); and (iii) adopted tax increment allocation financing for the Original Area (the "T.I.F. Adoption Ordinance") (the Original Plan Ordinance, the Designation Ordinance and the T.I.F. Adoption Ordinance are collectively referred to in this ordinance as the "T.I.F. Ordinances"); and

WHEREAS, The City subsequently determined that the Original Area be expanded to include additional contiguous areas (the "Added Property" and, together with the Original Area, the "Expanded Project Area"); and

WHEREAS, In connection with the addition of the Added Property to the Original Area, the Corporate Authorities adopted the following ordinances amending the T.I.F. Ordinances on June 10, 1996 (Journal of the Proceedings of the City Council dated June 10, 1996 at pages 23188 -- 23367) in accordance with the provisions of the Act: (i) an Ordinance approving the Near West Redevelopment Plan and Project (the "Expanded Redevelopment Plan and Project and, together with the Original Plan, the "Plan") for the Expanded Project Area (the "Expanded Area Plan Ordinance"); (ii) an Ordinance designating the Near West Redevelopment Project Area as a "redevelopment project area" pursuant to the Act, which re-confirmed the designation of the Original Area and designated the Expanded Project Area as a "redevelopment project area"; and (iii) an Ordinance adopting tax increment allocation financing for the Expanded Project Area (collectively, (i), (ii) and (iii) are referred to herein as the "Expanded Area T.I.F. Ordinances"); and

WHEREAS, The Plan makes reference to the "portability" language included in Section 11-74.4-4(q) of the Act in order to permit the City to transfer tax increment revenues to and from the Expanded Project Area and other redevelopment project areas contiguous to or separated only by a public right-of-way from, the Expanded Project Area, and vice versa, and the City intended to incorporate such "portability" language into the Plan; and

WHEREAS, An inconsistent statement in the Plan regarding the use of tax increment revenues makes it necessary to clarify the City's intent to incorporate such "portability" language into the Plan, which clarification is not a substantial change to the Plan; and

WHEREAS, The Plan established the estimated dates of completion of the redevelopment project described in the Plan and of the retirement of obligations issued to finance redevelopment project costs to be March 23, 2012, which date is not more than twenty-three (23) years from the date of the adoption of the Designation Ordinance, and the Corporate Authorities made a finding in the

Expanded Area Plan Ordinance that such dates were not more than twenty-three (23) years from the date of the adoption of the Designation Ordinance in accordance with the provisions of Section 11-74.4-3(n)(3) of the Act in effect on the date of adoption of the T.I.F. Ordinances and the Expanded Area T.I.F. Ordinances; and

WHEREAS, Public Act 91-478 (the "Amendatory Act"), which became effective November 1, 1999, amended the Act, among other things, to (i) change the dates set forth in Section 11-74.4-3(n)(3) of the Act by which redevelopment projects must be completed and obligations issued to finance redevelopment project costs must be retired to be no later than December 31 of the year in which the payment to a municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving a redevelopment project area is adopted, and (ii) provide that a municipality may amend an existing redevelopment plan to conform such redevelopment plan to Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act, by an ordinance adopted without further hearing or notice and without complying with the procedures provided in the Act pertaining to an amendment to or the initial approval of a redevelopment plan and project and designation of a redevelopment project area; and

WHEREAS, The Corporate Authorities desire to amend the Plan to conform the Plan to Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act, in accordance with the procedures set forth in amended Section 11-74.4-3(n)(3), and to clarify the "portability" language in the Plan; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof.

SECTION 2. Amendment To Ordinance Approving Plan. Paragraph (c) of Section 3 of the Expanded Area Plan Ordinance, published in the Journal of the Proceedings of the City Council dated June 10, 1996 at page 23193, is hereby amended to read as follows:

c. The Expanded Redevelopment Plan and Project meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date for retirement of obligations issued to finance redevelopment project costs is no later than December 31, 2013, and as required pursuant to Section 11-74.4-7 of the Act, no such obligation shall have a maturity greater than twenty (20) years.

SECTION 3. Approval Of Amendment Number 2 To Plan. The "Near West Tax Increment Redevelopment Area Redevelopment Plan and Project Amendment Number 2", a copy of which is attached hereto as Exhibit A (the "Amendment Number 2") is hereby approved.

SECTION 4. Finding. The Corporate Authorities hereby find that the estimated dates of completion of (a) the redevelopment project described in the Plan, as amended by Amendment Number 2, and Section 2 of this ordinance, and (b) the retirement of obligations issued to finance redevelopment project costs set forth in the Plan, as amended by Amendment Number 2, and in Section 2 of this ordinance, conform to the provisions of Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act.

SECTION 5. Invalidity Of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 6. Superseder. All ordinances (including, without limitation, the T.I.F. Ordinances and the Expanded Area T.I.F. Ordinances), resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflicts.

SECTION 7. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

Exhibit "A" referred to in this ordinance reads as follows:

Exhibit "A".

*Amendment Number 2 To Near West Redevelopment Project Area
Tax Increment Finance Program Redevelopment Plan And Project.*

1. The second paragraph under Section E, "Sources Of Funds To Pay Redevelopment Project Costs", is amended to read as follows:

Incremental property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Near West Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Near West Redevelopment

Project Area. Without the use of such tax incremental revenues, the Near West Redevelopment Project Area would not reasonably be anticipated to be developed.

2. The second paragraph in the subsection entitled, "Issuance of Obligations", under Section E, "Sources Of Funds To Pay Redevelopment Project Costs", is amended to read as follows:

All obligations issued by the City pursuant to this Near West Redevelopment Plan and Project and the Act shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the Original Redevelopment Project Area was adopted, such ultimate retirement date occurring on December 31, 2013. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One (1) or more series of obligations may be sold at one (1) or more times in order to implement this Near West Redevelopment Plan and Project. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Near West Redevelopment Plan and Project and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund or optional redemptions.

3. The section entitled "Phasing And Scheduling Of Redevelopment", is amended to read as follows:

A phased implementation strategy will be utilized to achieve a timely and orderly redevelopment of the Near West Redevelopment Project Area. City expenditures for Redevelopment Project costs will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers. The estimated date for completion of the Redevelopment Project is no later than December 31, 2013.

4. The second paragraph in the Subsection F entitled, "Nature and Term of Obligations to be Issued", under Section V, "Redevelopment Project", in Attachment 2, Tax Increment Redevelopment Area (T.I.F.) -- Madison/Racine Redevelopment Plan and Project is amended to read as follows:

All obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be made with respect to the ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the R.P.A. was adopted, such ultimate retirement date occurring on December 31, 2013. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective dates of issuance. One (1) or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. All obligations are to be covered after issuance by projected and actual tax increment, other tax revenue and by such debt service revenues and sinking funds as may be provided by ordinance. The total principal and interest payable in any year on all obligations shall not exceed the amounts available in that year, or projected to be available in that year, from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds and all other sources of funds as may be provided by ordinance.

5. The Section VII entitled, "Scheduling Of The Redevelopment Project", in Attachment 2, Tax Increment Redevelopment Area (T.I.F.) -- Madison/Racine Redevelopment Plan and Project is amended to read as follows:

A. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs.

This Redevelopment Project will be completed on or before December 31, 2013. The City expects that the Redevelopment Project will be completed sooner than the maximum time limit set by the Act, depending on the incremental real property tax yield. Actual public and/or private construction activities are anticipated to be completed within ten (10) years from the adoption of this Redevelopment Plan.

**Near West Redevelopment Project Area
2001 Annual Report**

(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

Please see attached.

CITY OF CHICAGO, ILLINOIS
NEAR WEST
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2001 AND 2000

CITY OF CHICAGO, ILLINOIS
NEAR WEST REDEVELOPMENT PROJECT

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BANSLEY AND KIENER, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying combined balance sheet of the Near West Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2001, and the related combined statements of revenues, expenditures and changes in fund balance for the years ended December 31, 2001 and 2000. These combined financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We previously audited and reported upon the combined balance sheet as of December 31, 2000, totals of which are included for comparative purposes only.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Near West Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2001, and the results of its operations and changes in fund balance for the years ended December 31, 2001 and 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule of expenditures by statutory code on page 7, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the combined financial statements of Near West Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the combined financial statements taken as a whole.

Bansley and Kiener, L.L.P.
Certified Public Accountants

May 28, 2002

CITY OF CHICAGO, ILLINOIS
NEAR WEST REDEVELOPMENT PROJECT

COMBINED BALANCE SHEETS
DECEMBER 31, 2001
(With Comparative Totals for 2000)

<u>ASSETS</u>	<u>Governmental Funds</u>	<u>General Long-term Debt Account Group</u>	<u>Total 2001</u>	<u>Total 2000</u>
Cash and investments	\$ 18,965,869	\$ -	\$ 18,965,869	\$ 21,411,990
Property taxes receivable	4,216,000	-	4,216,000	4,791,652
Accrued interest receivable	32,583	-	32,583	104,229
Amount available for debt service	-	1,823,071	1,823,071	1,840,084
Amount to be provided for retirement of general long-term debt	<u>-</u>	<u>8,296,929</u>	<u>8,296,929</u>	<u>9,019,916</u>
Total assets	<u>\$ 23,214,452</u>	<u>\$ 10,120,000</u>	<u>\$ 33,334,452</u>	<u>\$ 37,167,871</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Vouchers payable	\$ 90,830	\$ -	\$ 90,830	\$ 94,925
Due to other City funds	93,668	-	93,668	70,597
Accrued interest payable	322,999	-	322,999	343,999
Deferred revenue	3,941,137	-	3,941,137	4,500,280
Bonds payable (Note 2)	<u>740,000</u>	<u>10,120,000</u>	<u>10,860,000</u>	<u>11,560,000</u>
Total liabilities	<u>5,188,634</u>	<u>10,120,000</u>	<u>15,308,634</u>	<u>16,569,801</u>
Fund balance				
Reserved for debt service	1,823,071	-	1,823,071	1,840,084
Designated for future redevelopment project costs	<u>16,202,747</u>	<u>-</u>	<u>16,202,747</u>	<u>18,757,986</u>
Total fund balance	<u>18,025,818</u>	<u>-</u>	<u>18,025,818</u>	<u>20,598,070</u>
Total liabilities and fund balance	<u>\$ 23,214,452</u>	<u>\$ 10,120,000</u>	<u>\$ 33,334,452</u>	<u>\$ 37,167,871</u>

The accompanying notes are an integral part of the combined financial statements.

CITY OF CHICAGO, ILLINOIS
NEAR WEST REDEVELOPMENT PROJECT

COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Revenues		
Property tax	\$ 4,273,932	\$ 3,108,482
Interest	771,646	926,966
Total revenues	<u>5,045,578</u>	<u>4,035,448</u>
Expenditures		
Capital projects	1,271,455	135,131
Bond issuance costs	-	596,626
Debt service		
Principal retirement	740,000	700,000
Interest	606,375	324,188
Total expenditures	<u>2,617,830</u>	<u>1,755,945</u>
Revenues over expenditures	<u>2,427,748</u>	<u>2,279,503</u>
Other financing sources (uses)		
Operating transfers out (Note 3)	(5,000,000)	-
Proceeds of debt	-	11,871,950
Total other financing sources (uses)	<u>(5,000,000)</u>	<u>11,871,950</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,572,252)	14,151,453
Fund balance, beginning of year	<u>20,598,070</u>	<u>6,446,617</u>
Fund balance, end of year	<u>\$ 18,025,818</u>	<u>\$ 20,598,070</u>

The accompanying notes are an integral part of the combined financial statements.

CITY OF CHICAGO, ILLINOIS
NEAR WEST REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Description of Project

The Near West Tax Increment Redevelopment Project Area (Project) was established in June 1996. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

Principal and interest on the bonds will be paid from incremental property taxes generated by the redevelopment district.

Basis of Accounting

The Project is accounted for within the capital project, debt service and special revenue funds of the City. The Bonds Payable are recorded in the City's General Long-term Debt Account Group. The report is presented herein on a combined basis.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF CHICAGO, ILLINOIS
NEAR WEST REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

Cash and Investments

The bond proceeds and incremental taxes associated with the Near West Tax Increment Financing District are deposited with the City Treasurer or in a separate trust account. Eligible project expenditures are approved by the Department of Planning and Development in accordance with the project budget and paid from the trust account. Eligible project expenditures may be paid from bond proceeds or incremental taxes in excess of next year's annual debt service, after fully funding of all other funds and accounts.

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Property Taxes

Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

CITY OF CHICAGO, ILLINOIS
NEAR WEST REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 2 – Bonds Payable

In July 2000, the City issued \$11,560,000 of Near West Tax Increment Allocation Bonds with interest rates ranging from 4.625 percent to 6.0 percent. The bonds have maturity dates ranging from January 1, 2001, to January 1, 2012. Net proceeds of \$11,560,000 were used to finance certain project costs in the Near West Redevelopment Project Area (\$10,404,000) and to fund debt service and related reserve accounts (\$1,156,000).

The aggregate maturities of the bonds (principal portion only) are as follows:

2002	\$ -
2003	780,000
2004	825,000
2005	870,000
2006	920,000
Thereafter	<u>6,725,000</u>
	<u>\$10,120,000</u>

Note 3 – Operating Transfers Out

During 2001, in accordance with state statutes, the Project transferred \$5,000,000 to the contiguous Central West Redevelopment Project for eligible project costs.

Note 4 – Commitments

As of December 31, 2001 the Project has entered into contracts for approximately \$85,000 for services and construction projects.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

<u>Code Description</u>	<u>2001</u>	<u>2000</u>
Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 93,731	\$ 68,339
Costs of the construction of public works or improvements	1,177,724	66,792
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	1,346,375	1,620,814
	<u>\$ 2,617,830</u>	<u>\$ 1,755,945</u>

**Near West Redevelopment Project Area
2001 Annual Report**

(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: Carol Reckamp, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Rm. 1149
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Kay Kosmal

Dean L. Viverito, Comptroller
Forest Preserve District of Cook County
536 North Harlem Avenue
River Forest, Illinois 60305
Attn: Barbara McKinzie

Michael Koldyke, Chairman
Chicago School Finance Authority
135 S. LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent & CEO
Chicago Park District
541 N. Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Mary West, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime, Manager

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Near West Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

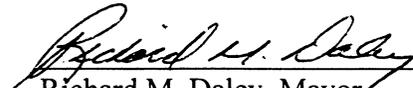
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2001, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 28th day of June, 2002.


Richard M. Daley, Mayor
City of Chicago, Illinois

**Near West Redevelopment Project Area
2001 Annual Report**

(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.



City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-6900
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)

<http://www.ci.chi.il.us>

June 28, 2002

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: Carol Reckamp, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Rm. 1149
Chicago, Illinois 60606

Gwendolyn Clemons, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602
Attn: Kay Kosmal

Dean L. Viverito, Comptroller
Forest Preserve District of Cook County
536 North Harlem Avenue
River Forest, Illinois 60305
Attn: Barbara McKinzie

Michael Koldyke, Chairman
Chicago School Finance Authority
135 S. LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent &
CEO
Chicago Park District
541 N. Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

Mary West, Director of Finance
Metropolitan Water Reclamation District
of Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime, Manager

Re: Near West Redevelopment Project Area (the "Redevelopment
Project Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.

NEIGHBORHOODS



June 28, 2002

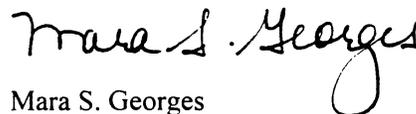
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**Near West Redevelopment Project Area
2001 Annual Report**

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2001		2001
Revenues		
Property tax	\$	4,273,932
Sales tax		-
Interest		771,646
Total revenues		5,045,578
Expenditures		
Costs of studies, admin., and professional services. (q)(1)		93,731
Marketing costs. (q)(1.6)		-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)		-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)		-
Costs of construction of public works and improvements. (q)(4)		1,177,724
Cost of job training and retraining. (q)(5)		-
Financing costs. (q)(6)		1,346,375
Approved capital costs of overlapping taxing districts. (q)(7)		-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)		-
Relocation costs. (q)(8)		-
Payments in lieu of taxes. (q)(9)		-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)		-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)		-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)		-
Cost of day care services and operational costs of day care centers. (q)(11.5)		-
Total expenditures		2,617,830
Revenues over expenditures		2,427,748
Other financing uses		
Operating transfers out		5,000,000
Expenditures and other financing uses over revenues		2,572,252
Fund balance, beginning of year		20,598,070
Fund balance, end of year	\$	18,025,818
Fund balance		
Reserved for debt service		1,823,071
Reserved for encumbrances		-
Designated for future redevelopment project costs	\$	16,202,747
Total fund balance	\$	18,025,818

**Near West Redevelopment Project Area
2001 Annual Report**

**(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)
cont.**

Below is listed all vendors, including other municipal funds, that were paid in excess of \$5,000 during the current reporting year.

Name	Service	Amount
Administrative Costs ¹	Administration	\$80,660
Arthur Andersen LLP	Consulting	\$5,400
Chicago Department of Transportation	Costs of Construction of Public Improvements	\$55,846
Aldridge Electric	Costs of Construction of Public Improvements	\$855,903
Consoer Townsend	Costs of Construction of Public Improvements	\$56,568
Accurate Group	Costs of Construction of Public Improvements	\$48,974
Tecma Associates	Costs of Construction of Public Improvements	\$7,040
F.H. Paschen/S.N. Nielsen, Inc.	Costs of Construction of Public Improvements	\$139,124
Chicago Christian Industrial League	Costs of Construction of Public Improvements	\$11,580
Cole Taylor Bank	Financing Costs	\$1,346,375

¹ Costs relate directly to the salaries of Department of Planning employees working solely on tax increment financing districts and their related fringe benefits.

**Near West Redevelopment Project Area
2001 Annual Report**

(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2001, the City did not purchase any property in the Project Area.

Near West Redevelopment Project Area 2001 Annual Report

- (7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)**
- (A)** Projects implemented in the preceding fiscal year.
 - (B)** A description of the redevelopment activities undertaken.
 - (C)** Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
 - (D)** Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
 - (E)** Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
 - (F)** Joint Review Board reports submitted to the City.
 - (G)** Project-by-project review of public and private investment undertaken from 11/1/00 to 12/31/01, and of such investments expected to be undertaken in Year 2002; also, a project-by-project ratio of private investment to public investment from 11/1/00 to 12/31/01, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON THE FOLLOWING PAGES.

Near West Redevelopment Project Area 2001 Annual Report

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

During 2001, no projects were implemented.

(7)(B) - 65 ILCS 5/11-74.4-5(d)(7)(B)

Redevelopment activities undertaken within this Project Area during the year 2001, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

(7)(C) - 65 ILCS 5/11-74.4-5(d)(7)(C)

During 2001, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

Near West Redevelopment Project Area 2001 Annual Report

(7)(D) - 65 ILCS 5/11-74.4-5(d)(7)(D)

The Project Area has received \$ 16,380,332 of property tax and sales tax (if applicable) increment since the creation of the Project Area. These amounts have been used to pay for project costs within the Project Area and for debt service (if applicable). The Project Area's fund balance as shown on Table 5 represents (on a modified accrual basis) financial resources (including increment) that have not been expended.

(7)(E) - 65 ILCS 5/11-74.4-5(d)(7)(E)

During 2001, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

**Near West Redevelopment Project Area
2001 Annual Report**

(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)

During 2001, no reports were submitted to the City by the Joint Review Board.

(7)(G) - 65 ILCS 5/11-74.4-5(d)(7)(G)

**TABLE 7(G)
PROJECT BY PROJECT REVIEW OF PUBLIC AND PRIVATE INVESTMENT
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT ***

Projects Estimated To Be Undertaken During 2002	Private Investment Undertaken	Public Investment Undertaken	Ratio of Private/Public Investment
Project 1: United Hellenic American Congress; Hellenic Museum and Cultural Center	\$11,766,333	\$3,500,000	3:1

* Each public investment amount reported is the maximum amount that could be made under the provisions of the corresponding Project/Redevelopment Agreement and may not necessarily reflect actual expenditures, if any, as reported under Sections 2 or 5 herein. The total public investment ultimately made under the Project/Redevelopment Agreement will depend upon each future occurrence of various conditions set forth in that agreement.

**Near West Redevelopment Project Area
2001 Annual Report**

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

During 2001, there were no obligations issued for the Project Area.

**Near West Redevelopment Project Area
2001 Annual Report**

(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2001, there were no obligations issued for the Project Area.

**Near West Redevelopment Project Area
2001 Annual Report**

(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

Please see attached.

Bansley and Kiener, L. L. P.
Certified Public Accountants

Established 1922

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
PAUL A. MERKEL, C.P.A.
JOHN W. SANW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.
MAUREEN B. SHANAHAN, C.P.A.

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combined balance sheet of Near West Redevelopment Project of the City of Chicago, Illinois as of December 31, 2001, and the related combined statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 28, 2002.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Near West Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.
Certified Public Accountants

May 28, 2002

Near West Redevelopment Project Area 2001 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Near West Redevelopment Project Area, is generally bounded by Lake Street on the north, Van Buren and the Circle Interchange of the Dan Ryan, Eisenhower, and Kennedy Expressways on the south, the Kennedy Expressway on the east, and May Street on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

